

**Classification: Public**

**Key Decision: No**

## **Gravesham Borough Council**

**Report to:** Cabinet

**Date:** 31 January 2022

**Reporting officer:** Pat Knight, (Head of Revenues and Benefits)

**Subject:** Council Tax Reduction Scheme 2022-2023

### **Purpose and summary of report:**

The report is requesting Members to consider the results of the public consultation on the proposed Council Tax Reduction Scheme 2022-2023

The report provides Cabinet with detailed results of the consultation process together with the equality impact assessment.

### **Recommendations:**

1. Members consider the proposed changes to the Council Tax Reduction scheme 2022-2023, taking into account the results of the public consultation and the latest equality impact assessment.
2. Members are asked to recommend the proposed scheme to Full Council, to take effect from 1 April 2022.

### **1. Background**

- 1.1 Section 13A (1) (a) of the Local Government Finance Act 1992 prescribes that the council is required to have a Council Tax Reduction (CTR) scheme.
- 1.2 Since 2013-2014, the council has had to consider annually whether to revise its CTR scheme or to replace it with a replacement scheme. Any revision to the CTR scheme or a replacement CTR scheme must be the subject of consultation.
- 1.3 The CTR scheme consists of two main streams, namely working age claimants and pension age claimants. The scheme in respect of working age claimants requires Full Council approval at Members' discretion, whilst the scheme in respect of pension age claimants is set on a national basis. Consequently, any changes made to the council's scheme will not affect pension age households.
- 1.4 The current 2021-2022 council scheme is a 'means-tested' scheme with a maximum discount of 80% of Council Tax for most working age households and 100% for pension age households. Eligibility to receive CTR is based on demonstration of claimants' income and capital being below specified limits. Of

the 43,966 households in the Gravesham area as at 31 December 2021, 6,305 households are in receipt of CTR (consisting of 3,910 working-age claimants and 2,395 pension age households). The current scheme is available from the following link:

[https://www.gravesham.gov.uk/\\_data/assets/pdf\\_file/0008/319733/Council-Tax-Reduction-Scheme.pdf](https://www.gravesham.gov.uk/_data/assets/pdf_file/0008/319733/Council-Tax-Reduction-Scheme.pdf)

1.5 The current CTR scheme for working age claimants is based on the previous Council Tax Benefit scheme (which ended in 2013) which was assessed alongside Housing Benefit. However, despite an annual review, the shortcomings of the current scheme for claimants are becoming more evident and include:-

- The traditional link between the CTR scheme and Housing Benefit has been eroded as any new claims by working age applicants are now considered under the Universal Credit scheme, which is administered by the Department for Work and Pensions (DWP) with a separate application for CTR being made to the council.
- Claimants may be unaware that CTR is separate to Universal Credit requiring a separate application with different eligibility criteria. This is despite the service working closely with DWP to promote this requirement.
- Claimants have to provide information in support of their separate CTR claim despite already having provided similar supporting evidence to DWP for their Universal Credit application. This causes confusion and further delay to assessing and ultimately applying any entitlement to their council tax account.
- Failure to make a separate claim for CTR can result in council tax arrears occurring and subsequent recovery action. Any delay in making a CTR claim could result in a loss of CTR eligibility as the maximum period to backdate is currently one month. This has the potential to increase the council tax arrears of the resident and result in them incurring additional costs due to court action and enforcement agents engaged to collect any debt, and necessitate extended repayment arrangements or support.
- The impact of Universal Credit on the current CTR scheme has been confusing for customers and a source of complaint. The multiple monthly changes in Universal Credit inevitably lead to multiple changes in CTR. Some of these changes in income could be less than £1. Each change requires the issue of a new council tax bill and an accompanying notification letter.

## 2. Proposed new scheme changes

2.1 In proposing a new Scheme for working age claimants from 2022-2023, the service has considered every potential change to the existing scheme bearing in mind the following aims:-

### **2.1.1 To make the scheme easier for claimants and potential claimants to access**

2.1.1.1 Any claim for Universal Credit notified to the council through the Universal Credit Data Share will automatically be a claim for CTR. This will maximise entitlement, speed up processing times and reduce the need for backdating. However, any required backdating will also be extended from the current one month maximum to 12 months maximum where circumstances show that the claimant would have been eligible for the reduction had they applied at that time.

### **2.1.2 To provide greater stability to those who are in receipt of Council Tax Reduction whilst making the scheme work better with the Universal Credit award system**

2.1.2.1 This will be achieved by introducing a simplified income 'grid' scheme (Table 1) which reflects the household composition for all working age applicants with the level of discount based on the total 'net' weekly income of the applicant and any partner. The exception is where any applicant or their partner are in receipt of a 'Passported benefit' they will receive the maximum discount of 80%. The income bands have been modelled based on current Gravesham claimant data.

2.1.2.2 This simplification will reduce the number of changes having to be made due to the creations of bands of income (Table 1) i.e. only those changes which move the net income to another band would have to be considered. This, in turn, will reduce the number of new council tax bills and accompanying notification letters claimants receive, as these will only be triggered when a claimant moves from one band to another.

**Table 1 – ‘Grid scheme’ based on household and weekly ‘net income’**

Discount percent	Single Person	Couple	Lone Parent with one child /young person	Lone Parent with two or more children /young persons	Couple with one child /young person	Couple with two or more children /young persons
80% (Band 1)	‘Passported Benefits’ where any applicant or partner are in receipt of Income Support, Income-Based Jobseeker’s or Income Related Employment and Support Allowance (and have under £16,000 capital)					
80% (Band 1)	£0 to £115	£0 to £160	£0 to £185	£0 to £255	£0 to £230	£0 to £300
65% (Band 2)	£115.01 to £160	£160.01 to £205	£185.01 to £230	£255.01 to £300	£230.01 to £275	£300.01 to £345
45% (Band 3)	£160.01 to £220	£205.01 to £265	£230.01 to £290	£300.01 to £360	£275.01 to £335	£345.01 to £405
25% (Band 4)	£220.01 to £280	£265.01 to £325	£290.01 to £350	£360.01 to £420	£335.01 to £395	£405.01 to £460
0% (Band 5)	£280+	£325+	£350+	£420+	£395+	£460+

### **2.1.3 Provide additional protection**

2.1.3.1 For all working applicants - Removing the current earnings disregards (various levels between £5-£25 per week) and replacing them with a standard £25 per week disregard i.e. the first £25 per week of earnings will not be counted when the council calculates the weekly income.

2.1.3.2 Disability Benefits – Protecting disabled persons by disregarding as income any Personal Independence Payments (PIP) or Disability Living Allowance (DLA). Additionally, in calculating the net income there will be a further disregard of £40 per week from any other income where either the applicant, partner or dependant is in receipt of the disability benefit.

2.1.3.3 Any Carer’s Allowance and the Support Component of Employment and Support Allowance (ESA) will be disregarded when assessing a person’s income.

## **2.1.4 To make the scheme more transparent and easier to understand**

- 2.1.4.1 There are a myriad of complex rules across the various benefit schemes including Universal Credit, Housing Benefit and Tax Credits. Additionally, there are inconsistencies in these rules, which are confusing for claimants to understand. It is proposed to align the new CTR scheme with other benefit schemes to ensure consistency for claimants. Some of these changes, however, may result in the claimant initially receiving less Council Tax Reduction. Consequently, the service will proactively identify and seek to protect claimants from facing a financial crisis due to these changes. (see item 2.1.5).
- 2.1.4.2 In the current CTR scheme, any new claim or change in circumstances is effective on a weekly basis. As Council Tax is a daily charge, it is fair and equitable to change entitlement to CTR on a daily basis. Additionally, the proposed new scheme will reduce the number of changes that will affect entitlement.
- 2.1.4.3 Removal of the Extended Payment provision. This provision allowed for a further four weeks payment of Council Tax Reduction scheme where an applicant in receipt of specific benefits (such as Income Support, Jobseeker's Allowance or Employment and Support Allowance) had moved into work, which would end their entitlement. As these existing legacy benefits are effectively being phased out and current recipients will be entitled to the maximum 80% discount it is felt that these provisions are no longer applicable.
- 2.1.4.4 From April 2017, the Government changed a number of benefit schemes limiting the dependant's addition (a prescribed assumed additional financial need) within the calculation to a maximum of two children. The CTR scheme changed at that time with existing applicants protected where they had made a claim for support before that date and already had more than two dependants. The new scheme proposal based on the income grid (Table 1) takes into account the number of applicants within the household although it will be limited to two dependants for all applicants. However, in calculating the net income all Child Benefit will be disregarded i.e. not count towards the applicants' income for the purpose of CTR.
- 2.1.4.5 In order to align with other benefits and ensure consistency for claimants, the new scheme will use a minimum level of income (Minimum Income Floor) for self-employed applicants. It would be in line with the National Living wage for 35 hours per week. Should income actually be above this level then the actual amount earned will apply in the calculation. The income would not apply for a designated start-up period of one year from the start of the business and the council would have the discretion to waive this in exceptional circumstances.

### **2.1.5 Protect claimants from financial crisis**

2.1.5.1 It is recognised that whenever there are changes to a CTR scheme, within the same cost envelope, there will be some claimants who will be adversely affected. It is a legal requirement that the Council operates a financial support scheme for those residents who have moved into financial crisis. The service is experienced in operating such schemes. Consequently, the service will continue to operate such a scheme but also will utilise new technology such as the Low Income Family Tracker to proactively identify, engage with and ultimately assist and support those Gravesham residents who are vulnerable and/or in financial crisis due to these changes.

2.2 On 4 October 2021, Cabinet noted

2.2.1 The work undertaken on the review of the current CTR scheme and the proposed changes for the 2022-2023 scheme.

2.2.2 Agreed to proceed with a public consultation with a view to changing the CTR scheme from April 2022 as set out in Section Two of the report presented to them.

2.2.3 Agreed to proceed with the draft consultation document and delegated authority to the Director (Corporate Services), in consultation with the Leader of the Executive and Portfolio Holder for Performance & Administration to finalise the consultation documents.

2.3 On 14 October 2021, the report was scrutinised by the Overview and Scrutiny committee. The committee resolved to note the report and draft consultation document. A number of helpful comments were made which further enhanced the final consultation document and consultation process

## **3. Consultation Process**

3.1 The consultation document was finalised in accordance with item 1.7.3 (Appendix 2).

3.2 Consultation took place between 22 October 2021 and 24 December 2021 (9 weeks).

3.3 There is an obligation for the council to consult with major precepting bodies prior to a public consultation. This was undertaken on 6 October 2021 with the representatives of the major preceptors being supportive of the way forward and options considered for public consultation.

3.4 The consultation document went online on 22 October 2021 utilising a secure hosted serve with Web Content Accessibility Guidelines 2.1 standard for accessibility. It was recognised that access to computers, smartphones and the internet combined with the potential for respondents to lack digital skills could affect the ability of some claimants and residents to provide a response. Consequently, the service wrote (Appendix 3) to all 6,477 CTR claimants at that time (4,028 working age claimant and 2,449 pension age claimants) together with a randomly sampled 5,000 residents (non-claimants).

- 3.5 Customer Services officers and Revenues & Benefits staff were briefed to promote the consultation; encourage responses from residents and to assist them where they needed assistance in completing the consultation document.
- 3.6 The council worked with the Communications team in order to ensure that there was an effective campaign across the council's social media channels. In the first week, a message including a video was tweeted on the council's Twitter account and placed on Facebook. Additionally an article was placed in the winter edition of Your Borough explaining the consultation was taking place and how to take part. The council has nearly 4,700 followers on Twitter and over 11,000 followers on Facebook and Your Borough is circulated to 44,000 households. The message was re-posted a number of times throughout the consultation.
- 3.7 Council employees were informed of the consultation via publication in Our Borough and included in one of the Chief Executives weekly Management Team updates issued via email and text messaging.
- 3.8 The consultation was promoted in the Members' Bulletin. Additionally all Members were emailed requesting that they bring the consultation to the attention of residents and relevant groups/organisations. Members were also asked to raise with the service any queries they may have.
- 3.9 The service liaised with the Community Involvement Officer and contacted 31 third sector organisations who were invited to a virtual meeting, which was held on 8 December 2021. Where any organisation was unable to attend they were encouraged to contact the service in order to make other arrangements.

#### **4. Results of consultation**

- 4.1 In total, there were 537 responses to the consultation. This is a good response bearing in mind the length of the document due to the legal requirement to provide sufficient information to enable an informed decision. The previous consultation on the CTR scheme for 2017/2018 saw 387 responses i.e. latest consultation has seen a 39 per cent increase. This also compares favourably with other local authorities such as Ashford Borough Council who received 88 responses and Dartford Borough Council who received 35 responses to similar consultations.
- 4.2 The number of results allows for a high degree of confidence that we have a representative and balanced view from residents. Key indicators include :-
  - 99.45% of respondents living in Gravesham
  - 79.12% of respondents in receipt of council tax reduction
  - 33.52% of respondents (or their partner) in work or self-employed
  - 88.33% of respondents liable to pay council tax
- 4.4 The results of the consultation have also shown an improvement on the representation of specific ethnic groups including those who have stated their ethnic origin is Indian, Other Asian, African, Caribbean, Other Black and Arab when compared to the previous consultation in 2017.

#### 4.5 Headline results were :-

- Whilst in answering Question 2, 41.47% of respondents wished to retain the current council tax scheme (23.75% said no with 34.78% stating they did not know) this changed significantly once the respondents considered the Income Grid scheme under Question 4 which then saw 57.20% agreeing with its introduction (11.52% stated no with remaining 31.28% stating they did not know).
- All 9 proposed changes saw the majority saying they agreed with the proposed changes
  - Those in agreement for each proposed change ranged from 57.14% to 82.84%
  - Disagreement with each proposal was in the range of 3.92% to 12.07%
  - “Don’t know” response with each proposal was in the range of 13.24% to 31.28%

4.6 An Equality Impact Assessment has been completed based on the results of the consultation (Appendix 4). It is recognised that there is a risk to claimants finding themselves with lower CTR. In order to mitigate this risk it is the service intention to use financial support funds to assist . The service will proactively work to identify those cases, which have been adversely affected due to the proposed changes. The service will identify those cases by utilising both the modelling tool and the Low Income Family Tracker (LIFT) system.

4.7 Results to all questions are shown in Appendix 5. The result of each proposed change has been linked to the particular aims (see item 2.1). In addition, there are also details of comments by trend as not all responses related to the proposed scheme change per se. Some respondents also gave personal details or circumstances.

### 5. Finance

5.1 Government initially provided funding for the scheme in 2013. However, the funding has reduced each year in line with the reduction in Revenue Support Grant provided to councils.

5.2 The aim for the 2022-23 scheme is to remain cost neutral when compared (based on the current caseload) to the current estimate expenditure of £6,904,000 for the 2021-2022 scheme. Gravesham Borough Council would bear 11% or £760,000 of this cost with the remainder incurred by major preceptors i.e., Kent County Council, Kent Police & Crime Commissioner and Kent Fire and Rescue authority.

### 6. Conclusion

6.1 Having considered the above, the full consultation results (Appendix 5) and Equality Impact Assessment summarised at Annex 4. It is recommended that the Council Tax Reduction Scheme is amended to take into account the changes as set out in section 2 of the report, and presented to Full Council with a recommendation for adoption, to take effect from 1 April 2022



## **7. Background Papers**

- 7.1 Anyone wishing to inspect background papers should in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS	APPENDIX 1
<b>Legal</b>	<p>Section 13A (1)(a) of the Local Government Finance Act 1992 prescribes that the council is required to have a Council Tax Reduction Scheme (CTRS). This is a discount for Council Tax based on the income of the household.</p> <p>Legal Services have advised that the Council is legally permitted to make the proposed changes, subject to carrying out an appropriate consultation. The 9 week period for the consultation has been assessed as a reasonable period of time for the consultation process.</p>
<b>Finance and Value for Money</b>	<p>The proposed scheme changes have been modelled in detail in order to ensure that the changes do not exceed the cost of the existing council tax reduction scheme.</p>
<b>Risk Assessment</b>	<p>There is a financial risk that forecast costs of the new scheme are beyond those of the existing scheme. Detailed modelling has been conducted to help mitigate this risk based on current caseloads</p> <p>There is a risk of a negative effect on council tax collection within the relevant financial year leading to delays in collecting the following year's liability. This will be mitigated by a proposed reduction in number of changes required to be actioned reducing number of revised bills issued, Consequently, there will be a quicker, and more efficient recovery process combined with ensuring that any appropriate discounts, financial support funding are applied to support the claimant.</p>
<b>Data Protection Impact Assessment</b>	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of <a href="#">personal data</a> or <a href="#">special category data</a> or <a href="#">criminal offence data</a>? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. N?A</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at <a href="mailto:gdpr@medway.gov.uk">gdpr@medway.gov.uk</a>. N/A</p>
<b>Equality Impact Assessment</b>	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. Yes. A full Equality Impact Assessment has been undertaken. There may be a detrimental financial impact on some residents near the bottom of an 'income' band meaning that changes move them into a lower discount bracket. However, the council will proactively identify and financially support claimants where seen that they are moving into financial crisis. In order to mitigate any adverse financial affect to a claimant.</p>

	<p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p>N/A</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
<b>Corporate Plan</b>	<p><i>#1 People – Put our customers first</i></p> <p>Implement a suite of quality and effective frontline services accessible to all.</p>
<b>Climate Change</b>	There are no climate change implications resulting from this report
<b>Crime and Disorder</b>	There are no crime and disorder implications resulting from this report
<b>Digital and website implications</b>	The service will work with both the digital and communications teams to ensure that the consultation is widely publicised and hosted appropriately.
<b>Safeguarding children and vulnerable adults</b>	There are no safeguarding implications resulting from this report